

DG 01-048

**NORTHERN UTILITIES, INC. - PELHAM DIVISION**

**2001 Summer Period Cost of Gas**

**Order Approving the Cost of Gas**

**O R D E R    N O.    23,684**

**April 20, 2001**

**APPEARANCES:** Rubin & Rudman, L.L.P., by Frank Pozniak, Esq., on behalf of Northern Utilities, Inc. and Marcia Thunberg, Esq., for the Staff of the New Hampshire Public Utilities Commission.

**I.    PROCEDURAL HISTORY**

On March 13, 2001, Northern Utilities, Inc. - Pelham Division (Northern), a utility serving 18 commercial customers located in Pelham, New Hampshire and supplied by wholesale propane through one 19,000 gallon tank, filed with the New Hampshire Public Utilities Commission (Commission) modifications to its tariff providing for a Summer Cost of Gas (COG) rate for the period May 1, 2001 through October 31, 2001. The filing included testimony and supporting schedules.

By Order of Notice issued March 21, 2001, the Commission scheduled the date of the hearing for April 12, 2001 and set deadlines for intervention requests and objections thereto. There were no Motions to Intervene filed. A duly noticed hearing on the merits was held at the Commission on April 12, 2001.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. Northern**

Northern's witness Joseph A. Ferro, Manager of Regulatory Policy, addressed the following issues: 1) calculation of the COG rate; and 2) the impact on customer bills.

#### **1. Calculation of the 2001 Summer COG Rate**

The proposed 2001 Summer COG rate of \$0.8408 per therm (allowing for monthly, cumulative adjustments at levels to produce COG rates not to exceed a maximum rate of \$1.0090 per therm and a minimum rate of \$0.6726 per therm) was calculated by increasing the anticipated cost of gas of \$17,557 by the prior period under-collection of \$542 and related interest of \$38 and dividing the resulting anticipated costs of \$18,137 by projected therm sales of 21,571.

#### **2. Rate Impact of the Proposed 2001 Summer COG Rate**

Northern's proposed 2001 Summer COG rate of \$0.8408 per therm represents a decrease of \$0.0125 per therm from the 2000 average weighted Summer COG rate of \$0.8533 per therm.

The Pelham Division is made up of eighteen (18) commercial customers and the proposed COG rate of \$0.8408 per therm will decrease the monthly bill of a customer consuming 200 therms by \$1.26 (0.6%) compared to last summer's bill.

**B. Staff**

At the hearing, Staff stated its support for the proposed 2001 Summer COG rate of \$0.8408 per therm. Staff noted that Northern's Summer COG filing was consistent with its prior COG filings and that the actual 2001 Summer gas costs will be reconciled and reviewed during Northern's 2002 Summer COG proceeding.

**III. COMMISSION ANALYSIS**

After reviewing the record, we conclude that the proposed 2001 Summer COG rate of \$0.8408 per therm will result in a just and reasonable rate. Accordingly, we accept and approve Northern's proposed 2001 Summer COG rate.

Also, consistent with the COG rate change billing treatment recently approved for Northern by the Commission in Docket DG 00-046, Revenue Neutral Rate Redesign, Order No. 23,674 (April 5, 2001), we waive the application of N.H. Admin. Rule, Puc 1203.05(b), which requires that rate changes occurring as a result of a cost of gas adjustment proceeding shall be implemented on a bills-rendered basis. This waiver, pursuant to Puc 201.05, produces a result consistent with the principles embodied in Puc 1203.05(a), which states that all rate changes, with the exception described in (b), be implemented on the basis of service rendered on or after the

effective date of the approved rate change.

**Based upon the foregoing, it is hereby**

**ORDERED,** that Northern Utilities, Inc. - Pelham Division's proposed Summer COG rate of \$0.8408 per therm for the period May 1, 2001 through October 31, 2001 is APPROVED effective for service rendered on or after May 1, 2001; and it is

**FURTHER ORDERED,** that Northern may, without further Commission action, adjust the approved COG rate upward or downward monthly based on Northern's calculation of the projected over or under collection for the period, but the cumulative adjustments shall not exceed twenty percent (20%), or \$0.1682 per therm, of the approved unit cost of gas; and it is

**FURTHER ORDERED,** that Northern shall provide the Commission with its monthly calculation of the projected over or under calculation, along with the resulting revised COG rate for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month. Northern shall include a revised tariff page 33 - Calculation of Cost of Gas and revised rate schedules if Northern elects to adjust the COG rate; and it is

**FURTHER ORDERED,** that the over or under collection

shall accrue interest at the Prime Rate reported in the *Wall Street Journal*. The rate is to be adjusted each quarter using the rate reported on the first date of the month preceding the first month of the quarter; and it is

**FURTHER ORDERED,** that the Commission waives NH Admin. Rules Puc 1203.05(b) and will allow Northern to implement its 2001 Summer COG rate on a service rendered basis; and it is

**FURTHER ORDERED,** that Northern shall file properly annotated tariff pages in compliance with this Order no later than fifteen (15) days from the issuance date of this Order, as required by N.H. Admin. Rules, Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twentieth day of April, 2001.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary

